



4191-02U

SOCIAL SECURITY ADMINISTRATION

[Docket No. SSA-2017-0032]

Social Security Disability Program Demonstration Project: Promoting Opportunity Demonstration (POD)

AGENCY: Social Security Administration.

ACTION: Notice.

SUMMARY: We are announcing a demonstration project for the Social Security disability program under title II of the Social Security Act (Act). Under this project, we will modify program rules applied to beneficiaries who work and receive title II disability benefits. We are required to conduct the Promoting Opportunity Demonstration (POD), in compliance with section 823 of the Bipartisan Budget Act (BBA) of 2015.

In this project, we will test simplified work incentives and use a benefit offset based on earnings as an alternative to rules we currently apply to title II disability beneficiaries who work. Under the benefit offset, we will reduce title II disability benefits by \$1 for every \$2 that a beneficiary earns above a certain threshold.

We will select beneficiaries and offer them the opportunity to volunteer for the project. When we make the selection, we will include beneficiaries who receive title II disability benefits only as well as beneficiaries who receive both title II disability benefits and Supplemental Security Income (SSI) based on disability or blindness under title XVI of the Act. We are modifying rules that apply to the title II program and the Ticket to Work program under title XI. We will continue to apply the usual SSI program rules for participants who receive SSI payments in addition to title II disability benefits.

DATES: We plan to begin this project in November 2017 and end it in June 2021.

FOR FURTHER INFORMATION CONTACT: Jeffrey Hemmeter, Office of Retirement and Disability Policy, Social Security Administration, 6401 Security Boulevard, Baltimore, MD, 21235, (410) 597-1815.

SUPPLEMENTARY INFORMATION:

Background

We are required to conduct this demonstration under Social Security Act section 234(f).¹

In this section, we broadly outline our usual rules for paying disability benefits, how those benefits may terminate, and the work incentives that affect payments. Then, we discuss the modified rules we will apply under the demonstration project.

Who may receive disability benefits?

Under title II of the Act, we pay the following benefits to persons who meet the Act's definition of disability:

- Disability insurance benefits for a worker insured under the Act;
- Widow's and widower's insurance benefits based on disability for a widow, widower, or surviving divorced spouse of an insured worker; and
- Childhood disability benefits for a child of an insured worker who is entitled to retirement or disability benefits or has died.

¹ Section 823 of the Bipartisan Budget Act of 2015, Pub. L. No. 114-74, added this requirement.

In the rest of this notice, we refer to these benefits collectively as Social Security Disability Insurance (SSDI) benefits and refer to the beneficiaries who receive them as SSDI beneficiaries.

Under title XVI of the Act, we pay SSI to persons who are aged, blind, or disabled, and who also have limited income and resources. An SSDI beneficiary with limited income and resources may qualify for SSI payments.

A person must meet the definition of disability under title II of the Act in order to be eligible for SSDI benefits. A person is disabled under title II if the person has a physical or mental impairment or combination of impairments that has lasted or is expected to last for at least 12 months or can be expected to result in death and that prevents the person from doing any substantial gainful activity (SGA).² This definition also applies under title XVI of the Act for persons age 18 or older who receive payments based on disability.³

Continuing disability reviews

We periodically reevaluate a disability beneficiary's impairment(s) to determine whether the person continues to be under a disability.⁴ We call this evaluation a continuing disability review (CDR). We conduct CDRs at regularly scheduled intervals. We may begin a CDR at a time other than a regular interval if circumstances warrant. There are two main types of CDRs: (1) medical CDRs, in which we examine medical improvement, if any, and (2) work CDRs, in which we examine earnings. If we

² Section 223(d)(1)(A) of the Act; 20 CFR 404.1505(a).

³ Section 1614(a)(3)(A) of the Act; 20 CFR 416.905(a).

⁴ Section 221(i), (m) of the Act; 20 CFR 404.1589, 404.1590, and 404.1594.

determine in a CDR that the individual is no longer under a disability, we will stop benefits in most cases.

How do we help disability beneficiaries to return to work?

We offer certain work incentives to encourage disability beneficiaries to attempt to work. We also administer the Ticket to Work program and other employment support programs to help disability beneficiaries become as self-sufficient as possible through work and to promote their economic independence. Under certain provisions of the Act, such as the title II provision for a trial work period, beneficiaries may test their ability to work while keeping their cash and medical benefits.

The trial work period

We provide a trial work period (TWP) that allows SSDI beneficiaries⁵ to test their ability to work for at least nine months and not have that work considered for disability purposes during that period.⁶ During this period, beneficiaries continue to receive full SSDI benefits, regardless of how much money they earn, as long as they report the work activity and continue to have a disabling impairment. The TWP ends when a beneficiary has completed nine trial work months (which do not have to be consecutive) within a rolling 60-month period. (The TWP may end earlier if we determine that the beneficiary's disability ended based on medical factors.⁷) We count as a trial work month any month in which a beneficiary's gross earnings are above a specified amount

⁵ The SSI program under title XVI of the Act does not provide a TWP. The performance of SGA by a recipient of SSI payments based on disability or blindness does not affect the recipient's disability or blindness status under the SSI program. Section 1619 of the Act; 20 CFR 416.260-416.269.

⁶ Sections 222(c) and 223(d)(4) of the Act; 20 CFR 404.1592.

⁷ Id.

(\$840 a month in 2017) or in which the beneficiary works more than 80 hours in self-employment.⁸

What happens if a beneficiary works after the TWP?

If a beneficiary works after the TWP ends, we review the beneficiary's work and earnings to decide if the work is SGA. Work is "substantial" if it involves doing significant physical or mental activities. Work activity may be "substantial" even if it is performed on a part-time basis. Work activity is "gainful" if it is performed for pay or profit or is the kind of work usually performed for pay or profit, whether or not a profit is realized.⁹

In deciding whether work is SGA, we consider the nature of the person's job duties, the skills and experience the person needs to do the job, and how much the person actually earned.¹⁰ Usually, we consider a person's work to be substantial and gainful if monthly earnings, after allowable deductions, average more than the monthly SGA amount (in 2017, \$1,170 a month for a person who is not blind, or \$1,950 a month for a person who is blind). If the person is self-employed, we may give more consideration to the kind and value of the work, including the person's part in the management of the business, than to the person's income alone.¹¹

When we decide whether work is SGA and figure earnings, we deduct the reasonable costs of certain "impairment-related work expenses" (IRWEs), that is, items

⁸ 20 CFR 404.1592(b).

⁹ 20 CFR 404.1572.

¹⁰ 20 CFR 404.1571-404.1576.

¹¹ 20 CFR 404.1575.

and services that enable a person to work.¹² We will decide that an SSDI beneficiary's disability has ended in the first month the person performs SGA after completion of the TWP.¹³ We pay benefits for the month disability ended and the following two months, no matter how much the beneficiary earns.¹⁴ We call this three-month period the "grace period."¹⁵

The reentitlement period

Immediately after an SSDI beneficiary completes the TWP, the reentitlement period begins. The reentitlement period is also called the extended period of eligibility. The reentitlement period typically lasts for 36 months, but it may end earlier if we determine that the beneficiary ceases to have a disabling impairment for medical reasons.¹⁶ The reentitlement period allows an SSDI beneficiary with a disabling impairment an additional period to test the ability to work.¹⁷ If the beneficiary performs SGA during the reentitlement period, we will determine that the beneficiary's disability has ended, and we will stop benefits, subject to the grace period. After the grace period, we will not pay benefits to the disability beneficiary or anyone receiving benefits on the earnings record for any month during the reentitlement period in which the disability beneficiary performs SGA.¹⁸ However, if the beneficiary does not perform SGA in a subsequent month in the reentitlement period, we will pay benefits again. The beneficiary does not need to file a new application for the benefits to start again.

¹² Section 223(d)(4)(A) of the Act; 20 CFR 404.1576.

¹³ 20 CFR 404.1592a(a)(1) and 404.1594(d)(5).

¹⁴ 20 CFR 404.401a and 404.1592a(a)(2).

¹⁵ Program Operations Manual System, DI 13010.210.

¹⁶ 20 CFR 404.1592a(b).

¹⁷ Sections 202(d)(1), (d)(6), (e)(1), and (f)(1) and 223(a)(1) of the Act; 20 CFR 404.316(d), 404.337(d), 404.352(e), 404.401a, and 404.1592a(a).

¹⁸ Section 223(e) of the Act; 20 CFR 404.401a and 404.1592a(a)(2).

Expedited reinstatement

Expedited reinstatement is an employment support available under both the SSDI and SSI programs.¹⁹ We provide expedited reinstatement for 60 months after we terminate entitlement to disability benefits due to work activity.²⁰ Rather than filing a new application for a new period of entitlement, individuals can, during this 60-month period, request reinstatement of their prior entitlement to disability benefits. An individual may receive up to six consecutive months of provisional cash benefits and Medicare while we make a determination about whether the individual's prior entitlement will be reinstated.²¹ The provisional cash benefits may be equal to the last monthly benefit payable during the prior entitlement. After we approve reinstatement, the initial reinstatement period (IRP) begins.²² During the IRP, the TWP and reentitlement provisions discussed above do not apply; if a beneficiary performs SGA in a month during the IRP, we will not pay benefits for that month. The IRP ends after a beneficiary has 24 months of payable benefits; the months do not have to be consecutive. At that point, the TWP and reentitlement provisions discussed above apply to the beneficiary.

Ticket to Work Program

In addition to the work incentives policies discussed above, we also administer the Ticket to Work program, which can help disability beneficiaries access employment

¹⁹ 20 CFR 404.1592c.

²⁰ Section 223(i) of the Act; 20 CFR 404.1592b-404.1592f.

²¹ Section 223(i)(7) of the Act; 20 CFR 404.1592e.

²² Section 223(i)(6) of the Act; 20 CFR 404.1592f.

services, vocational rehabilitation services, and other support services.²³ A beneficiary participates in the program by assigning a ticket to a qualified provider, which may be an employment network or a State vocational rehabilitation agency.²⁴ We pay these providers for certain outcomes achieved by the beneficiary.²⁵ We may pay an outcome payment for each month for which SSDI benefits and Federal SSI payments are not payable to the beneficiary because of the performance of SGA or by reason of earnings from work activity.²⁶ If the beneficiary is an SSDI-only or concurrent SSDI/SSI beneficiary, we may make up to 36 outcome payments.²⁷

The Promoting Opportunity Demonstration (POD)

Description of the POD

Under the POD, we will modify title II disability program rules that we currently apply to SSDI beneficiaries who work. We will test alternate rules to determine their effectiveness in encouraging SSDI beneficiaries to return to work or increase their earnings. We will test simplified work incentives and use a monthly benefit offset based on earnings. Under the benefit offset, we will reduce SSDI benefits by \$1 for every \$2 of a beneficiary's earnings that are above a certain threshold. The POD threshold is equal to the greater of 1) the applicable monthly TWP amount for the calendar year or 2) itemized IRWEs up to the SGA amount for the calendar year.

We have contracted with Abt Associates to implement the POD and Mathematica

²³ Section 1148 of the Act; 20 CFR part 411.

²⁴ Section 1148(c) and (f) of the Act; 20 CFR 411.300-411.435.

²⁵ Section 1148(h) of the Act; 20 CFR part 411, subpart H.

²⁶ Section 1148(h) of the Act; 20 CFR 411.500, 411.525, and 411.575.

²⁷ 20 CFR 411.500 and 411.525.

Policy Research to conduct evaluation activities. We will evaluate the impact of the benefit offset on work activity, earnings, and continued receipt of cash benefits.

Where will we conduct the POD?

We expect to conduct this project in eight sites across the country:

- Alabama (all counties);
- California (Los Angeles, Orange, and San Diego counties);
- Connecticut (all counties);
- Maryland (Anne Arundel, Baltimore, Harford, Howard, Montgomery, and Prince George's counties; Baltimore City);
- Michigan (Barry, Berrien, Branch, Calhoun, Cass, Kalamazoo, Kent, St. Joseph, and Van Buren counties);
- Nebraska (Adams, Buffalo, Douglas, Hall, Lancaster, and Sarpy counties);
- Texas (Bexar, Dallas, and Tarrant counties); and
- Vermont (all counties).

Abt Associates is subcontracting with the State vocational rehabilitation agencies or Work Incentive Planning and Assistance providers in each site to work directly with the beneficiaries in this project.

Who is eligible to participate in the POD?

To be eligible to participate in the project, a beneficiary must:

- Be at least age 20 and be under age 62 throughout the project;

- Be entitled to title II benefits based on disability as the insured worker²⁸ only;
- Receive title II disability cash benefits, unless we are not paying cash benefits because the beneficiary is engaging in SGA after the grace period and during the reentitlement period;
- Reside in one of the eight sites for the project, according to our records; and
- Not be a prior or current treatment or control group participant in any of our other demonstration projects.

How will we select participants and assign them to control or treatment groups?

We will select potential participants for the POD from a pool of beneficiaries who meet the requirements for participation described above. We expect to recruit about 15,000 beneficiaries to volunteer to participate in the POD. We will randomly assign the beneficiaries who have agreed to participate in the POD to a control group or one of two treatment groups, as described below.

- Control Group – We will assign approximately 5,000 SSDI beneficiaries to this group, which will continue to be subject to our usual program rules. We will not test any alternate rules with this group.
- Treatment Group 1 – We will assign approximately 5,000 SSDI beneficiaries to this group, which will be eligible for the benefit offset. For any month the beneficiary's SSDI benefits are reduced to zero under the offset, benefits are suspended for that month. The beneficiary remains eligible for benefits for months that the offset does not reduce benefits to zero.

²⁸ Individuals receiving widow's or widower's insurance benefits or childhood disability benefits based on someone else's status as an insured worker at the time of enrollment are not eligible.

- Treatment Group 2 – We will assign approximately 5,000 SSDI beneficiaries to this group, which will be eligible for the benefit offset. If a beneficiary in this group has the SSDI benefit reduced to zero under the offset for 12 consecutive months, we will terminate the beneficiary's entitlement to SSDI.

How will we conduct the POD?

The evaluation contractor, Mathematica Policy Research, will conduct outreach through mailings and phone calls to recruit and enroll beneficiaries into the POD, and randomly assign participants into the control and treatment groups. Beneficiaries we recruit and who wish to participate will sign a consent form to indicate their agreement to participate before being randomly assigned to one of the three groups described above. All enrolled beneficiaries can withdraw from the project at any time. Beneficiaries randomly assigned to the control group will receive a notice informing them of their assignment and that the usual program rules apply. Beneficiaries randomly assigned to the treatment groups will receive a notice informing them of their assignment and that alternate program rules will apply for earnings. The notice will provide contact information for Abt Associates, which will be beneficiaries' central point of contact for the POD.

The notice will also inform beneficiaries of the POD-related benefits counseling available to all treatment group members. Each site will have benefits counselors dedicated to the project who can help beneficiaries understand the alternate rules under the POD and how the offset will affect their SSDI benefit.

Participation in the POD is voluntary, and a beneficiary may withdraw the

consent to participate in the POD at any time in writing. A beneficiary who wishes to withdraw consent will inform Abt Associates in writing and be offered counseling on withdrawing from the demonstration and returning to usual rules. A beneficiary in a treatment group who withdraws consent will no longer be eligible for the alternate program rules or any project services available under the POD, but will have the option to continue to participate in evaluation activities, such as follow-up surveys. If a beneficiary chooses not to participate in the evaluation activities, we will continue to track the beneficiary for the project evaluation using program data. We will apply our usual program rules to the beneficiary beginning with the month that withdrawal from the project becomes effective. We will apply our usual title II disability program rules for all participants after the end of the project, beginning July 2021.

What provisions of the Act and regulations are we waiving to provide alternate rules under the POD?

Alternate title II program rules

The following alternate program rules will apply to an SSDI beneficiary assigned to a treatment group during participation in the POD:

- Eligibility for the benefit offset will begin after random assignment to a treatment group and end at the close of the project in June 2021;
- Payment of SSDI benefits will be subject to reduction, potentially to zero, under the benefit offset;
- Payment of benefits to any other person entitled to benefits on the earnings record of the SSDI beneficiary will continue for any month for which the beneficiary's

SSDI benefit is partially reduced under the benefit offset and will stop for months for which the SSDI benefit is reduced to zero under the offset;

- For months that SSDI benefits are reduced to zero under the offset, benefits are suspended for participants in both treatment groups. If the participants' earnings decrease in a subsequent month such that the offset does not reduce the SSDI benefit to zero, the beneficiary will again receive a benefit, subject to the offset. If a participant in treatment group 2 has the SSDI benefit reduced to zero for 12 consecutive months, we will terminate entitlement to benefits;
- The TWP will not apply to the participant;
- The reentitlement period will not apply to the participant;
- If a participant has entitlement reinstated under expedited reinstatement, the IRP will not apply to the participant;
- If a participant was eligible for Medicare Part A coverage because of entitlement to SSDI and the SSDI entitlement terminates as a result of the POD's benefit offset, the participant will remain eligible for Medicare Part A coverage for 93 additional months provided that the person continues to have the same disabling impairment(s) that provided the basis for the prior SSDI entitlement and meets the other SSDI entitlement requirements;
- No work CDRs will be initiated or completed during the POD participation;
- We will continue to pay outcome payments to qualified providers under the Ticket to Work program for participants who earn above SGA, whether or not their SSDI benefit is reduced to zero; and

- Our usual program rules will apply beginning with the month after participation in the POD ends.

Applying these alternate rules involves waiving or altering certain provisions included in sections 222(c); 223(a)(1), (d)(4), (e), and (i); and 1148(h) of the Act and 20 CFR 404.316(d), 404.325, 404.401a, 404.1571 through 404.1576, 404.1590, 404.1592, 404.1592a, 404.1592f, 404.1594, 411.500(b)-(e), 411.525(a)(1)(i), and 411.575(b)(1)(i)(A).

When will a participant in one of the treatment groups be eligible for the benefit offset?

A beneficiary who is in a treatment group will be eligible for the benefit offset after random assignment and should begin to report earnings to Abt Associates the month after random assignment. Thus, if random assignment is in November, the beneficiary should report November earnings and IRWEs in December, and the benefit offset, if any, will begin with the December benefit, which is paid in January. Participants should report earnings and IRWEs information to the POD through June 2021.

How will we apply the benefit offset?

We will apply the benefit offset on a monthly basis to reduce SSDI benefits based on a beneficiary's report of monthly earnings and IRWEs. Participants who report their earnings and IRWEs information for the prior month on time in the current month will have the benefit offset calculated into the following month's benefit. For example, for a participant who reports April 2018 earnings and IRWEs in May 2018, the offset will be calculated in the May 2018 benefit, which is paid in June 2018.

In the example below, we show how we will calculate the amount by which monthly SSDI benefit payments will be reduced under the offset for a beneficiary whose earnings exceed the POD threshold. In the example, we use the POD threshold that would apply in 2017.

Example: A beneficiary reports monthly earnings of \$1,040. The POD threshold is \$840. The reported monthly earnings exceed the threshold by \$200. We will reduce the beneficiary's SSDI benefit payment by \$100. The calculations for this example are as follows:

First, we calculate the monthly earnings that exceed the POD threshold.

$$\begin{array}{r}
 \$1,040 \text{ (monthly earnings report)} \\
 - \underline{\$ 840 \text{ (2017 POD threshold)}} \\
 \$ 200
 \end{array}$$

Second, we calculate the \$1 for \$2 benefit offset amount by dividing the amount of earnings that exceeds the POD threshold by 2.

$$\$200 \div 2 = \$100 \text{ (monthly \$1 for \$2 benefit offset amount)}$$

For the purposes of the POD, we will round the monthly benefit offset amount resulting from the calculations down to the nearest dime.

We consider monthly IRWEs in the calculation only when the total is greater than the POD threshold. If the total monthly amount of itemized IRWEs is greater than the POD threshold, we will use the total monthly amount of itemized IRWEs as the monthly POD threshold for the offset. However, if the total monthly amount of itemized IRWEs equals or exceeds the applicable SGA amount, we will use the SGA amount as the monthly POD threshold for the offset.

In the example below, we show how we will calculate the amount by which monthly SSDI benefit payments will be reduced under the offset for a beneficiary whose earnings and itemized IRWEs exceed the POD threshold. In the example, we use the POD threshold that would apply in 2017.

Example: A beneficiary reports monthly earnings of \$1,040. The beneficiary also reports monthly itemized IRWEs of \$940 and all are approved. Since the total monthly amount of itemized IRWEs is greater than \$840, we use the IRWEs amount as the POD threshold. The reported monthly earnings exceed the threshold by \$100. We will reduce the beneficiary's SSDI benefit payment by \$50. The calculations for this example are as follows:

First, we calculate the monthly earnings that exceed the POD threshold.

$$\begin{array}{r}
 \$1,040 \text{ (monthly earnings report)} \\
 - \$ 940 \text{ (POD threshold is equal to the total monthly itemized IRWEs)} \\
 \hline
 \$ 100
 \end{array}$$

Second, we calculate the \$1 for \$2 benefit offset amount by dividing the amount of earnings that exceeds the POD threshold by 2.

$$\$100 \div 2 = \$50 \text{ (monthly \$1 for \$2 benefit offset amount)}$$

For the purposes of the POD, we will round the monthly benefit offset amount resulting from the calculations down to the nearest dime.

What happens if a beneficiary does not report earnings on a monthly basis?

It is very important that beneficiaries in the treatment groups report earnings and IRWEs. If a beneficiary reports earnings for a month, but does not continue to report

monthly, the prior reported earnings will carry forward for subsequent months until the beneficiary reports earnings again, or until the end of the project. If the beneficiary is late in reporting earnings for a month, we will make appropriate adjustments to future benefit payments if we determine that we paid the beneficiary too much or too little in benefits under the offset for the months when we carried over prior earnings. We will send the beneficiary a written notice of our determination that will provide appeal rights.

We will perform an end-of-year reconciliation after the close of each calendar year. We will determine the actual amount of the beneficiary's earnings for each month in the calendar year to decide if the person was paid more or less in benefits than was due under the offset. We will make appropriate adjustments to future benefit payments if we determine that we paid the beneficiary too much or too little in benefits under the offset. We will send the beneficiary a written notice of our determination that will provide appeal rights.

What happens to beneficiaries whose benefit is reduced to zero for 12 consecutive months?

When a beneficiary's earnings are high enough that the offset amount equals or exceeds the beneficiary's SSDI monthly benefit payment, the beneficiary will not receive a benefit payment for that month. That is, the SSDI benefit is reduced to zero under the offset, and the benefit is suspended for that month. Beneficiaries in treatment group 2 only will have entitlement terminated after their benefit is reduced to zero (that is, suspended) for 12 consecutive months.

What options do we provide to beneficiaries whose entitlement to disability benefits terminates during the POD due to work activity?

Participants whose entitlement to disability benefits terminates due to work activity during the POD can apply for expedited reinstatement, as under current rules. Participants can request expedited reinstatement of their prior entitlement for a 60-month period. We will apply the same criteria used under current rules to determine whether a beneficiary meets the requirements for reinstatement. As under current rules, an individual may receive up to six consecutive months of provisional cash benefits while we make a determination.

Participants in treatment group 2 who are reinstated will remain in the demonstration. They will continue in the POD treatment group 2 and will be subject to the applicable alternate rules for that treatment group. Under current rules, after we reinstate entitlement through expedited reinstatement, the IRP begins. Under POD rules, the IRP will not apply. See the following section for further details on the IRP.

A participant whose entitlement is terminated under the POD will remain in this terminated status (unless the person is reinstated as discussed above), even if the person withdraws from the project.

What happens to the IRP of a beneficiary in the POD?

The IRP will not apply to beneficiaries in treatment groups during POD participation. When a beneficiary in a treatment group stops participating in the POD, the status of the IRP will be the same as when the beneficiary began participating in the POD. That means that if a beneficiary enters the POD during the beneficiary's IRP, the

IRP will pick up at the same point after the beneficiary's participation in the POD ends and the beneficiary returns to our usual rules. If a beneficiary in treatment group 2 has entitlement terminated because of the offset but then has entitlement reinstated under expedited reinstatement, the beneficiary will return to participation in treatment group 2. When the beneficiary's participation ends and the beneficiary returns to usual rules, the beneficiary will begin the IRP.

What happens to the POD participation for beneficiaries whose entitlement to disability benefits terminates for any reason?

Participants must maintain all SSDI eligibility requirements to continue receiving SSDI. For example, participants will still be subject to medical CDRs, which could result in a termination of entitlement on medical grounds. If a participant's entitlement terminates for any reason and we subsequently approve reinstatement, the participant will return to the same treatment group the participant was in before termination until the participant withdraws from the project or the project ends.

What happens to the payment of benefits to other persons entitled on the earnings record of a beneficiary whose SSDI benefit is subject to the offset?

If any other person is entitled to benefits on the earnings record of a beneficiary whose SSDI benefit is subject to the offset, we will pay the other person the full amount of monthly cash benefits that the person is otherwise due for any month for which the beneficiary is eligible for payment of a reduced SSDI benefit under the offset. However, we will not pay benefits to the other person for any month for which the beneficiary's

SSDI benefit is reduced to zero under the offset. For example, a beneficiary in a POD treatment group could have earnings above SGA, and if the earnings do not result in full offset, other persons entitled on the beneficiary's record will continue to receive their full amount of benefits for as long as the beneficiary is participating in the POD. By contrast, under current rules, if a beneficiary has earnings above SGA during the 36-month reentitlement period following the TWP, other persons entitled on the beneficiary's record would not continue to receive benefits.²⁹

What happens to the TWP of a beneficiary in the POD?

The TWP will not apply to beneficiaries in treatment groups during their participation in the POD. A month during which the participant works and earns above the TWP amount will not be considered a trial work month for any purpose. Once the beneficiary's participation in the POD ends, the beneficiary will, from that point forward, be subject to our usual rules, but the work and earnings accumulated during the POD participation will not be counted toward a TWP. Upon return to our usual rules, the beneficiary's TWP status will be equal to the TWP status before participating in the POD. We will, however, count the period of the POD participation as part of the rolling 60-month TWP window. For example, if a beneficiary in a treatment group has completed four trial work months before enrolling in the POD, the first month the beneficiary earns above the TWP amount after the beneficiary's participation in the POD ends will be the beneficiary's fifth trial work month.

What happens to the reentitlement period of a beneficiary in the POD?

²⁹ 20 CFR 404.1592a.

The reentitlement period will not apply to beneficiaries in treatment groups during POD participation. There is also no reentitlement-related assessment to determine whether a beneficiary's disability ended during a reentitlement period because the person performed SGA. Once the beneficiary's participation in the POD ends, the beneficiary will, from that point forward, be subject to our usual rules. Upon return to usual rules, the beneficiary's reentitlement status will be equal to the reentitlement status before participating in the POD. No work or earnings during POD participation will be considered in determining the reentitlement period upon return to usual rules.

Will we conduct work continuing disability reviews during the POD?

We will not initiate work CDRs for participants in the POD treatment groups while they are participating in the POD. If a participant in a POD treatment group has a work CDR in progress when POD participation begins, we will not complete the work CDR while the person is participating in the POD.

Will the alternate rules under the POD affect a beneficiary's Medicare coverage?

A beneficiary who is under age 65 and who has been entitled to SSDI benefits for 24 months is entitled to Hospital Insurance (Medicare Part A) under the Medicare program.³⁰ Entitlement to Medicare coverage generally continues as long as a beneficiary's entitlement to SSDI benefits continues. However, a beneficiary whose entitlement to SSDI benefits terminates due to the performance of SGA may be entitled to extended Medicare coverage for a period of at least 93 months following the end of the TWP, provided that disability continues. Under the Act, the period of extended Medicare

³⁰ Section 226(b) of the Act; 42 CFR 406.12.

coverage is determined as if the beneficiary had a 15-month reentitlement period following the end of the TWP.³¹

Section 234(f)(2)(D) of the Act, created by section 823 of the BBA of 2015, provides special rules on Medicare Part A coverage for some POD participants. If a participant is entitled to Medicare Part A coverage because of entitlement to SSDI benefits and the SSDI entitlement is terminated as a result of the POD's benefit offset, the participant is entitled to extended Medicare coverage for a period of 93 months following the SSDI entitlement termination, as long as the participant continues to have the same disabling impairment(s) that provided the basis for the prior SSDI entitlement and the participant meets the other SSDI entitlement requirements.

What are the alternate rules under the Ticket to Work program?

We will apply an alternate rule for paying outcome payments to a qualified service provider that has been assigned a ticket by an SSDI-only or concurrent SSDI/SSI beneficiary in a POD treatment group. As noted above, under our usual rules, we may pay outcome payments to service providers for months in which SSDI benefits are not payable to a beneficiary because earnings are at or above the SGA level. Under the POD's offset, however, a beneficiary's earnings may be at or above the SGA level and yet still not be high enough to reduce the SSDI benefit to zero. Thus, applying our normal Ticket to Work program rules could unduly burden these service providers, since they would not receive the outcome payments that they would otherwise be eligible for if the beneficiary was not participating in the POD. Therefore, for the POD, we will pay an outcome payment to the provider for each month the participant earns above SGA,

³¹ Id.

whether or not the SSDI benefit is reduced to zero. This process will occur only during a beneficiary's POD participation period.

We will apply our usual rules for paying outcome payments beginning with the first month after a beneficiary's POD participation period ends. We will continue to limit the number of months for which outcome payments may be made based on the same ticket to a maximum of 36 months. We will count any month for which we pay an outcome payment under the alternate rule or our usual rule toward this 36-month limit.

What is our authority for conducting the POD?

Section 234 of the Act authorizes experiments and demonstration projects designed to promote attachment to the labor force, including projects that test alternative methods of treating work activity of SSDI beneficiaries and that involve the waiver of certain program rules. Section 234(f) of the Act, added by section 823 of the BBA of 2015, specifically requires that we conduct the POD. We are conducting the POD consistent with the requirements in section 234(e) of the Act that participation in a demonstration project must be voluntary and based on informed written consent, and that the voluntary agreement to participate may be withdrawn by the volunteer at any time.

Authority: Section 234 of the Act.

Nancy A. Berryhill,
Acting Commissioner of Social Security.

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